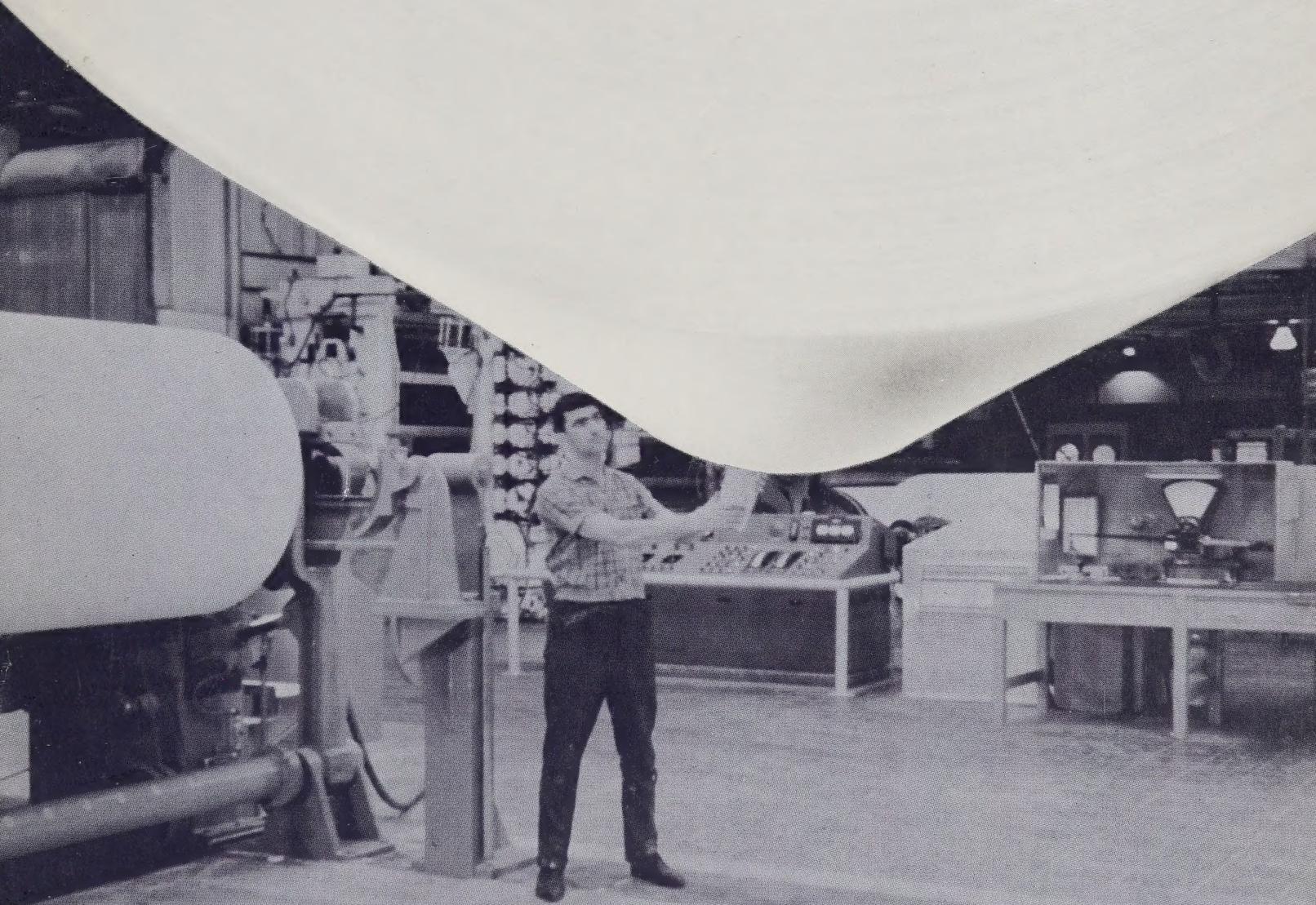


AR11

annual  
report

1965



*Rolland Paper* COMPANY, LIMITED

	PAGE
Highlights.....	2
Directors and Officers.....	4
Directors' report to the shareholders.....	5
Financial statements.....	9
Notes to financial statements.....	14
Auditors' report to the shareholders.....	15
Ten year comparative statistics.....	16
Inauguration of machine No. 8.....	19
The home of No. 8.....	20

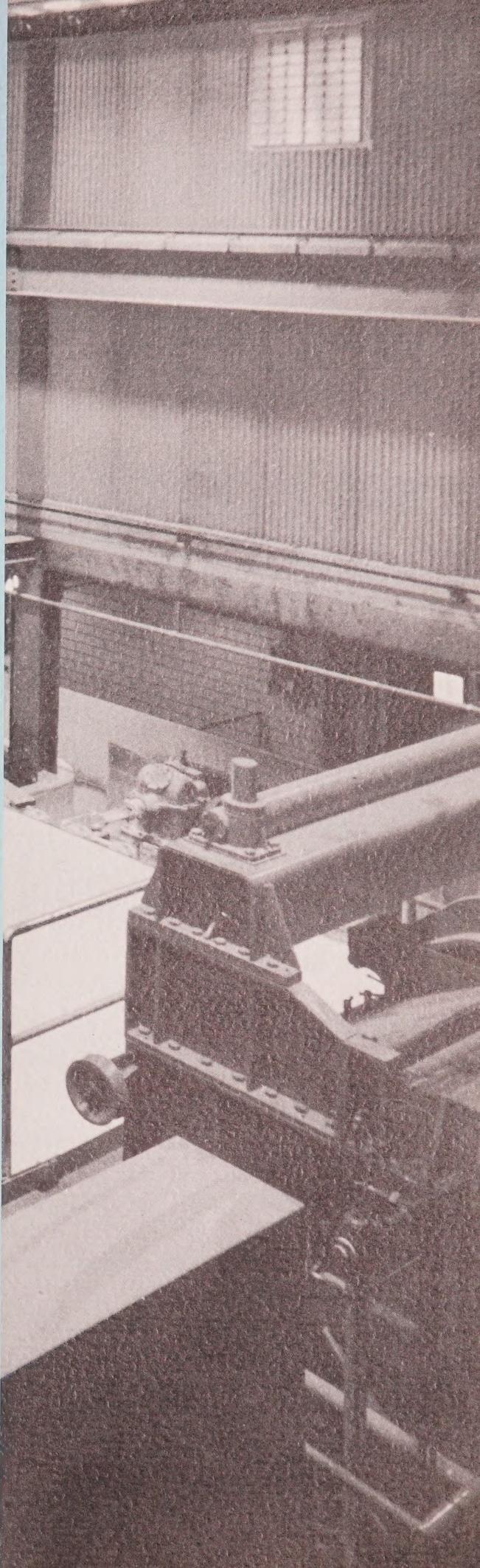
The Annual General Meeting of Shareholders will be held at the head office of the Company, 800 Victoria Square, Suite 3620, Montreal, Que., at 11:00 a.m., March 30, 1966.

# 38th Annual Report

## Rolland Paper Company, Limited

*and its wholly owned subsidiary,  
Canada Glazed Papers Limited*

Si vous préférez recevoir votre rapport annuel en français, prière d'aviser le Secrétaire, Compagnie de Papier Rolland, Limitée, casier postal 190, station H, Montréal 25.



# highlights

	1965	1964
<b>TONNAGE</b>		
Sales in tons	73,701	69,120
<b>SALES AND EARNINGS</b>		
Net sales	\$28,290,544	\$26,032,008
Net earnings	1,766,326	1,339,311
% of net earnings to net sales	6.2%	5.1%
Cash flow	\$ 4,115,390	\$ 2,397,169
<b>PER SHARE*</b>		
Net earnings per Class "A" share	\$ 1.00 ✓	\$ .90 ✓
Net earnings per Class "B" share	.95	.85
Cash flow per Class "A" share	3.25	1.63
Dividends per Class "A" share	.30	.30
Dividends per Class "B" share	.25	.25
<b>FINANCIAL</b>		
Long-term debt	\$11,267,000	\$11,879,500
Working capital	8,390,715	5,521,002
Capital expenditures	5,143,892	3,007,178

Note: Results of Canada Glazed Papers Limited are included from February 24, 1964.

\*Number of shares outstanding:

1965—1,243,349 "A" shares (average number for the year) and 480,008 "B" shares.

1964—960,016 "A" shares and 480,008 "B" shares.

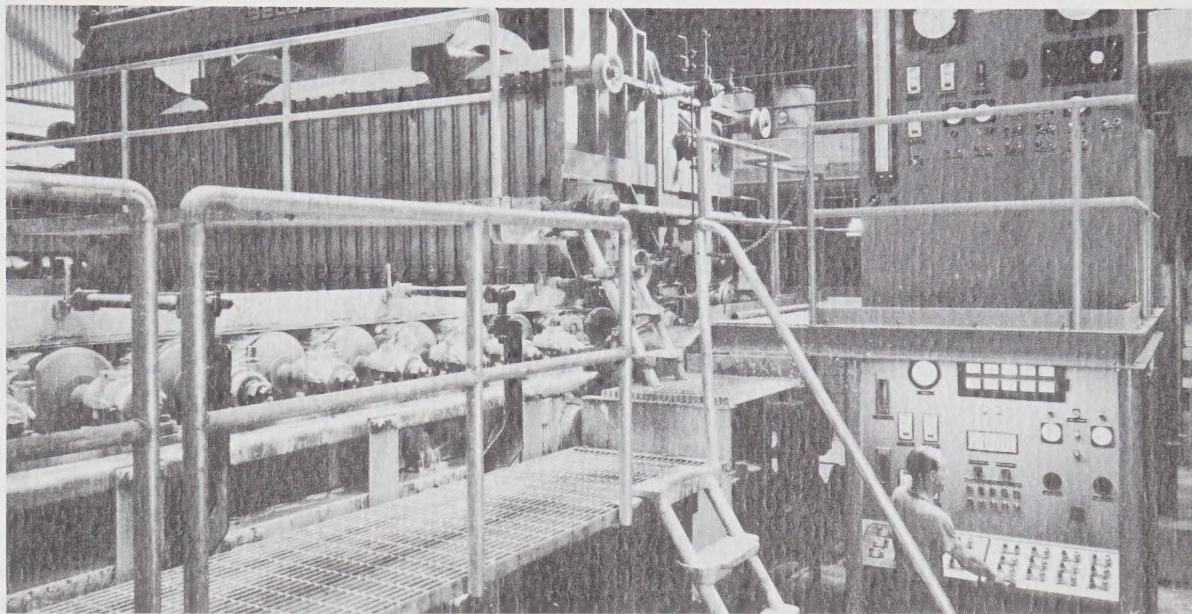
**PERCENT  
CHANGE**

+ 6.6

+ 8.7  
+ 31.9  
+ 21.6  
+ 71.7

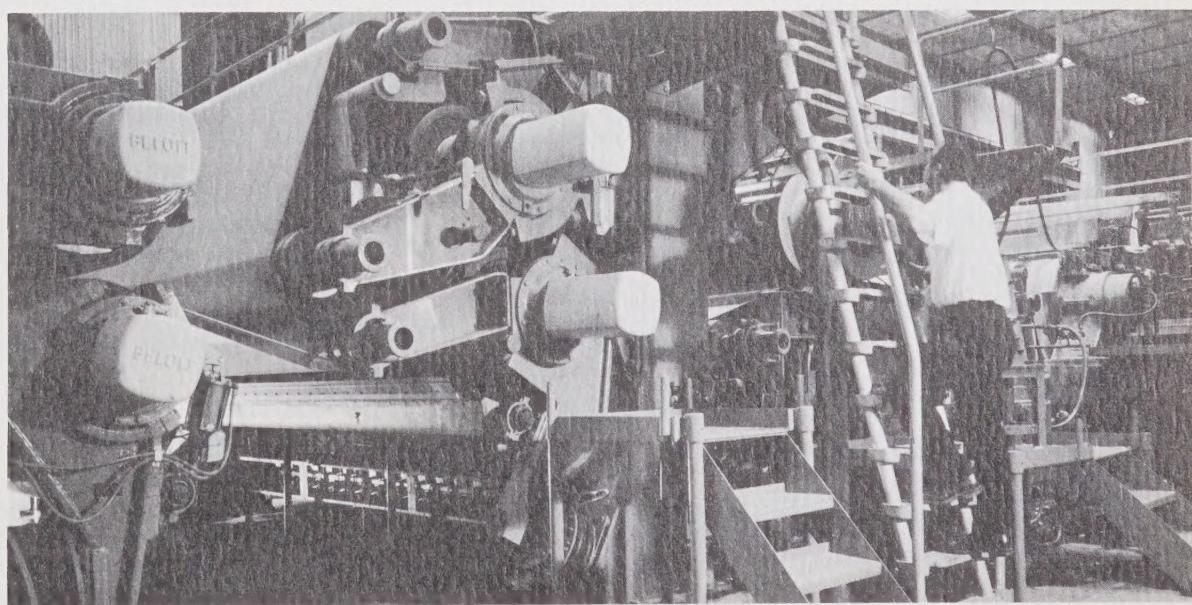
+ 11.1  
+ 11.8  
+ 99.4  
—  
—

— 5.2  
+ 52.0  
+ 71.1



*The head box of No. 8 paper machine delivers stock to the wire under controlled conditions.*

*The press section of No. 8 paper machine which removes water and compacts the paper.*



# Rolland Paper Company, Limited



*Control panel for the first of three dryer sections. The panel regulates steam pressures within the dryers.*

## DIRECTORS

G. DRUMMOND BIRKS, B.Comm.  
Montreal, Que.  
FREDERICK W. BRADSHAW,  
Montreal, Que.  
E. JACQUES COURTOIS,  
Montreal, Que.  
ROY H. ECCLESTONE,  
Town of Kirkland, Que.  
GEORGE M. HOBART,  
Montreal, Que.  
K. S. MACLACHLAN, B.A.Sc., O.B.E.  
Toronto, Ont.  
\*GÉRARD PLOURDE, M.Comm.  
Montreal, Que.  
\*ALBERT ROLLAND,  
Laval-sur-le-lac, Que.  
\*LUCIEN G. ROLLAND, B.A., B.A.Sc., C.E.  
St. Jerome, Que.  
\*MARC ROLLAND,  
St. Jerome, Que.  
OLIVIER ROLLAND,  
Montreal, Que.  
\*J. A. WELDON, C.A., M.B.E.  
Montreal, Que.

*\*Member, Executive Committee*

## OFFICERS

LUCIEN G. ROLLAND, President and General Manager  
J. A. WELDON, Vice-President — Finance  
ALBERT ROLLAND, Vice-President — Marketing  
MARC ROLLAND, Vice-President and Manager of Mills  
C. M. KING, Vice-President — Sales for Ontario & Western Provinces  
H. A. LEBLANC, C.A., Treasurer  
R. F. RODGER, Assistant Vice-President — Marketing  
A. ST-JACQUES, C.A., Assistant General Manager  
E. RHÉAUME, Secretary

## TRANSFER AGENTS

Montreal Trust Company  
Royal Trust Company

## REGISTRARS

Canadian Trust Company  
Bankers Trust Company

## AUDITORS

Touche, Ross, Bailey & Smart

# directors' report to the shareholders

Your Directors have pleasure in submitting the following report for the year ended December 31, 1965, together with the 1965 consolidated financial statements of the Company and its wholly owned subsidiary, and the Auditors' report to the shareholders.

The year was a good one for the fine paper industry and your Company's development included:

1. The completion of a major expansion programme.
2. An improvement in the operations of your subsidiary Canada Glazed Papers Limited.
3. The issuance of 400,000 class "A" shares from the Treasury.
4. The signing of a long-term contract for the Company's most important raw material: woodpulp.
5. An investment in Consolidated Paper Corporation Limited.

## RESULTS

Net earnings were \$1,766,326 after all charges or \$1.00 per "A" share and 95 cents per "B" share, based on the average number of shares outstanding during the year. The earnings, based on the total number of shares outstanding at the year-end, were 93 cents per "A" share and 88 cents per "B" share.

Net earnings increased by \$427,015 or 32% during 1965 and reached the highest level in the Company's history. The improvement was principally due to increased sales and better efficiency in the production of coated papers and to the dividends received from our investment in shares of Consolidated Paper Corporation Limited.

## DIVIDENDS

Dividends of 30 cents per class "A" share and 25 cents per class "B" share, representing disbursements of \$370,505 and \$120,002 respectively were paid in 1965. Dividends of \$71,400 were also paid on the outstanding preferred shares.

Early in 1966, the dividends on the class "A" and class "B" shares were increased by 10 cents per annum and put on a regular quarterly basis of 10 cents on the class "A" and 8½ cents on the class "B" shares.

## SALES

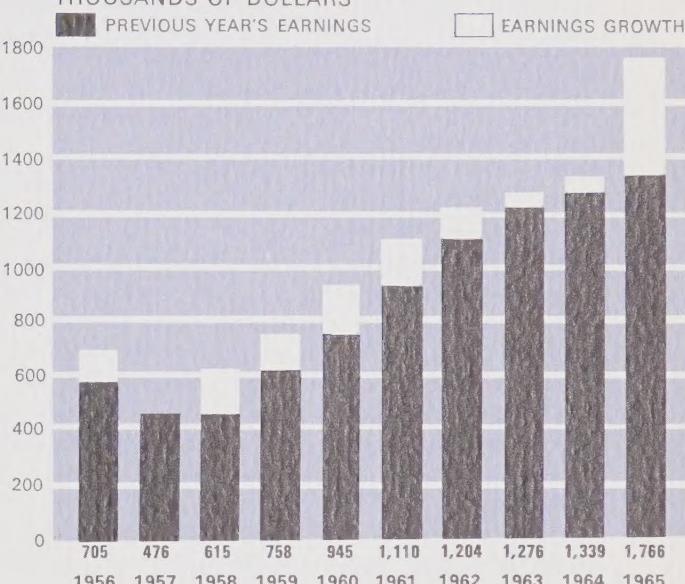
The demand for your Company's products remained strong throughout the year.

Our shipments in 1965 were 73,701 tons or 6.6% greater than in 1964. This is made up of increases of 20.6% in coated papers and of 1.7% in uncoated papers.

Your Company again operated its paper mills at 100% of capacity on a six-day basis, until the start-up of its new paper machine in late October, and because of this limitation did not obtain its full share of the available increase in uncoated paper business.

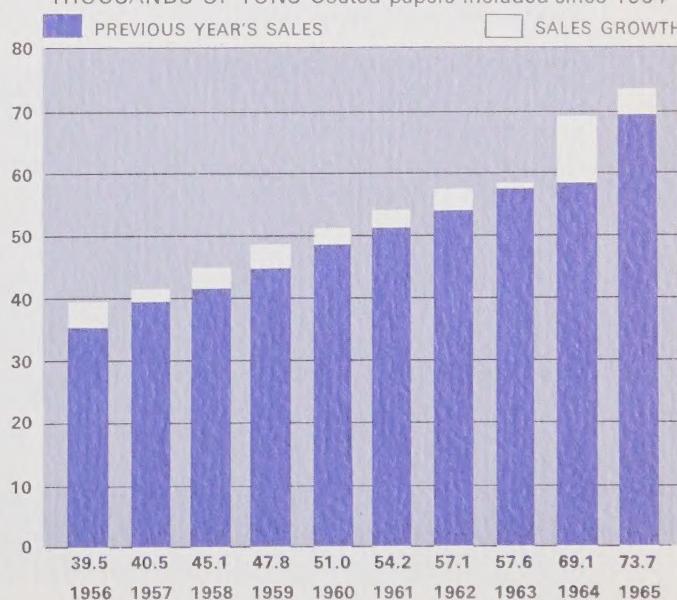
## Net earnings

THOUSANDS OF DOLLARS



## Fine & coated papers sold by Rolland

THOUSANDS OF TONS Coated papers included since 1964



Selling prices were increased by 3% in May 1965 and another similar advance was made in January 1966. These allowed the inclusion of cash discounts in our price structure and helped to offset some of the increases in raw materials, labour and freight costs.

## **OPERATIONS**

### **ROLLAND PAPER DIVISION**

#### **1. PULP PRICES**

Pulp prices were higher than during 1964, following increases which became effective on January 1, 1965.

#### **2. INCREASED OVERHEAD AND START-UP COSTS**

Additional depreciation and interest on long-term debt, together with start-up expenses of the new paper machine were absorbed as operating expenses. The additional depreciation will be \$400,000 in 1966 and during the last quarter of 1965 \$109,000 were charged to operations. The additional net interest cost was \$150,000.

The timing of the start-up during the last quarter, and a sound training programme helped to keep at a reasonable level the additional operating costs associated with the start-up of the new paper machine.

### **CANADA GLAZED PAPERS DIVISION**

The increase in sales and improved operating efficiency were the main factors in converting a loss in 1964 to a profit in 1965. Plans have been made for continued improvements to the quality of our products and for the development of new grades.

## **EXPANSION AND MODERNIZATION**

Throughout the year the engineering staff and the production department focused their attention on the installation of the new paper machine and of its ancillary equipment. The date of October 21, 1965, when saleable paper was made on this new machine for the first time, was a memorable one for all the members of our organization, who have contributed to its excellent start-up and to the establishment of new standards of efficiency. It was the culmination of their plans and the reward for their efforts.

The addition of the new paper machine increases capacity by 45% to approximately 90,000 tons per year. It will also enable us to supply the coating base stock requirements of Canada Glazed Papers Limited and to obtain our full share of the rapidly expanding volume in the fine paper markets.

Expenditures to-date on the No. 8 paper machine amounted to \$7,059,692 of which \$4,661,938 were spent in 1965. Total estimate of \$7,550,000 for the project includes a new boiler to be installed in 1966.

Other capital expenditures totalling \$481,954 were made at our plants in St. Jerome and Mt. Rolland, Que., and Scarborough, Ont., in order to improve quality and effect reductions in finishing costs.

## **ASSOCIATION WITH CONSOLIDATED PAPER CORPORATION LIMITED**

Your Directors approved the sale and issuance from the Treasury, over a period from March to June 1965, of 400,000 class "A" shares at \$14.66 per share, to Consolidated Paper Corporation Limited. During the same period, your Directors invested the amount realized by this transaction in 125,000 common shares of Consolidated purchased on the market at an average price of \$46.90.

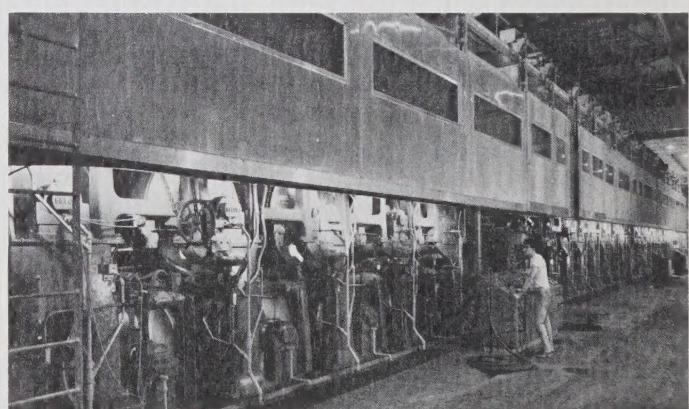
The dividends received from Consolidated exceeded the dividends paid by the Company on the newly issued class "A" shares by \$101,875 in 1965, and even at the new Rolland dividend rate, a net cash gain of \$102,500 is anticipated in 1966.

In the manufacture of fine papers, the assurance of a continuous supply of bleached kraft pulps is of paramount importance. In the past, your Company purchased these raw materials in the open market. Now a long-term contract with Consolidated gives your Company an assured source of supply, from the new kraft pulp mill being built in Pontiac County, Que., and expected to come into production late in 1967.

## **FINANCIAL**

### **(a) DEPRECIATION POLICY**

In the Company's accounts and in this report, depreciation on fixed assets is consistently recorded on a straight line basis, at rates considered adequate to amortize the cost of these assets over their useful lives and income taxes charged against earnings are based on the depreciation thus provided.



*A general view of the No. 8's dryer sections, where the moisture in the web of paper is removed by heat.*

## directors' report cont'd

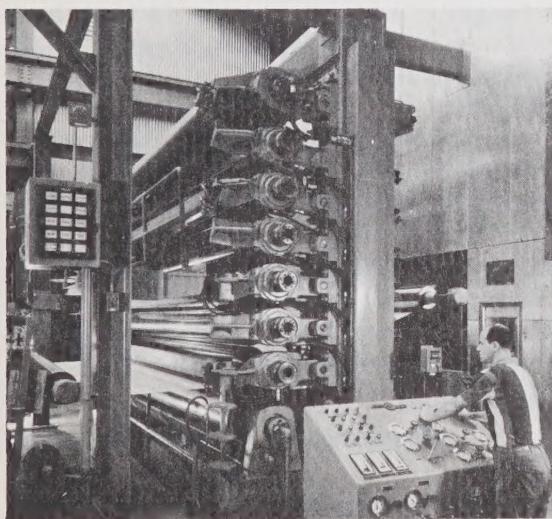
For the purpose of calculating the payment of income taxes, the Federal and Provincial Governments tax legislation allows capital cost allowances which may exceed the depreciation as we record it in this report. In the last few years, the capital cost allowances have exceeded the depreciation taken in the accounts of the Company. Also an accelerated rate has been used on assets purchased since 1963. The entire tax provision for 1965 has been deferred as a result of these tax incentives and a claim for a refund of \$368,916 has been filed in order to recover previous years' tax overpayments. This increases by \$1,900,340 our provision for future income tax liability which now amounts to \$3,422,571.

### (b) LONG-TERM DEBT REDUCTION

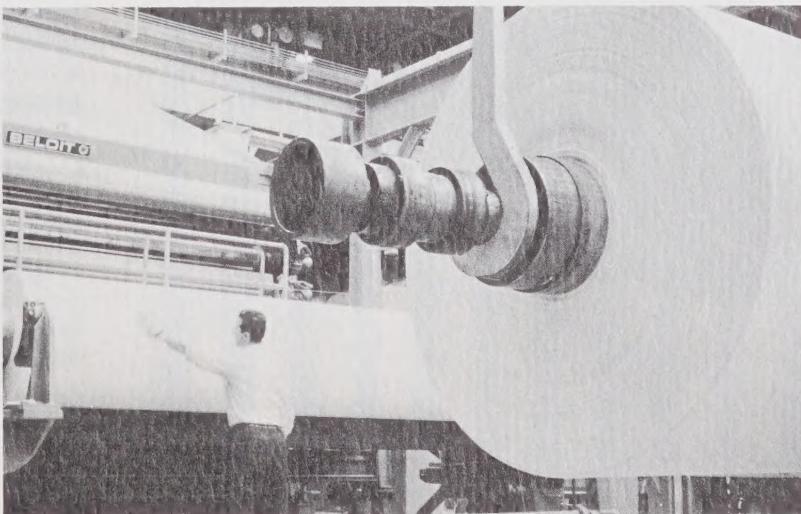
In addition to the redemption on January 2, 1965 of \$150,000 of the 3½% serial bonds, \$462,500 of the 4½% sinking fund bonds were purchased and cancelled. The non-taxable profit on the purchase of the 4½% sinking fund bonds at a discount has been included in the statement of income and expenditure and appears under Investment and Sundry Income. Out of the total of \$1,733,000 sinking fund bonds purchased and cancelled at December 31, 1965, \$533,000 have been redeemed on account of future sinking fund requirements.

### (c) WORKING CAPITAL

The improvement in cash flow resulted in a higher consolidated working capital which amounted to \$8,390,715 at December 31, 1965, an increase of 52% during the year. The ratio of current assets to current liabilities is 3.6 to 1, and your Directors consider that the consolidated working capital is more than adequate for the Company's current requirements.



*The 8 roll calender stack which smooths the paper surface to the desired finish.*



*The constant tension reel of No. 8 paper machine which handles the full web of paper and winds it evenly into large rolls 14 feet wide and weighing up to seven tons.*

### (d) RATE OF RETURN ON TOTAL ASSETS

Total assets which amounted to \$24.4 millions two years ago increased 82% to \$44.6 millions at the end of 1965. The installation of the new paper machine, the acquisition of Canada Glazed Papers Limited, the investment in shares of Consolidated Paper Corporation Limited and larger accounts receivable and inventories, are a measure of the expansion of your Company.

A rapid increase in total assets is not immediately followed by a proportionate increase in income. However, our rate of return on total assets increased from 3.7% in 1964 to 4.0% in 1965. A continuation of this favourable trend which is an important yardstick in gauging the over-all progress of our work is anticipated.

### (e) VALUE OF FIXED ASSETS

The fixed physical assets of the Company have been appraised by Messrs. Surveyer, Nenniger & Chênevert, Consulting Engineers, as of September 1, 1963, and those of Canada Glazed Papers Limited have been appraised by Dominion Appraisal Company Limited, as of June 5, 1964.

Their appraised value plus that of additions made since, indicate a total replacement cost new of \$41,900,000 and a replacement cost new less depreciation of \$27,400,000.

## INDUSTRIAL RELATIONS

### LABOUR RELATIONS

The two-year contracts with our paper mills and office employees International Unions renewed in June 1964, will expire on April 30, 1966.

# directors' report concl'd

The Scarborough plant employees' contract with the Printing and Paper Products Union terminated on November 21, 1965. An agreement reached during the negotiations between representatives of the employees and of the management was not ratified by a vote of the employees. Later, a meeting with a government conciliator failed to bring about a settlement, and steps are being taken for the appointment of a Conciliation Board.

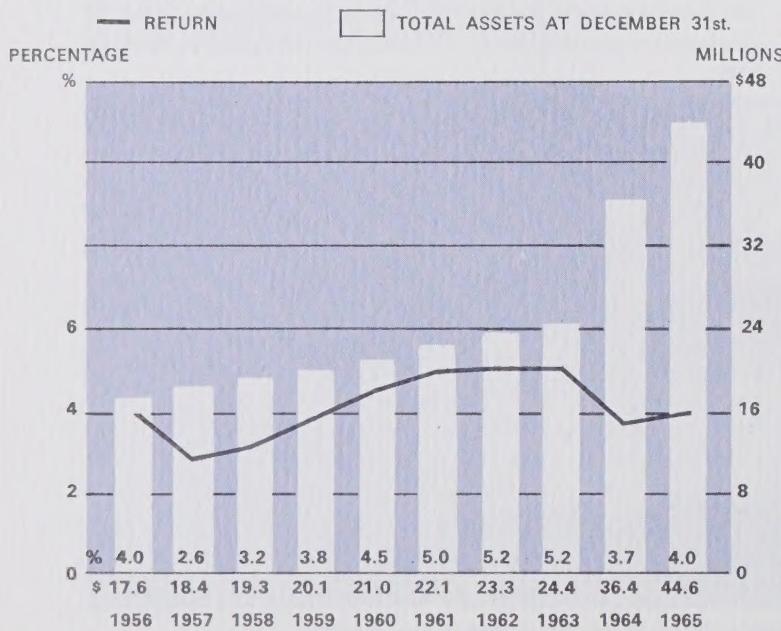
## PENSION PLANS

Amendments were proposed to our salaried and hourly paid employees pension plans in order to co-ordinate them with the new Canada and Quebec pension plans.

In the Province of Quebec, these pension plans were part of our labour agreements and any change had to be discussed with the Unions involved. Hourly paid employees of our St. Jerome and Mont-Rolland mills unfortunately voted to terminate their plan. After providing for the liabilities of the fund, the trustee distributed the remaining assets among the members of the plan. Office employees also chose to abandon the salaried employees plan and their contributions will be shortly reimbursed.

Executives and supervisory personnel continue to participate in a revised plan.

## Total assets and rate of return



## DIRECTORS AND OFFICERS

At the last annual meeting on March 31, 1965, a by-law increasing the number of Directors from ten to twelve was approved. Messrs. George M. Hobart and F. W. Bradshaw were elected to the Board. Mr. Hobart is Chairman of the Board and Chief Executive Officer and Mr. Bradshaw is President of Consolidated Paper Corporation Limited.

Mr. K. S. MacLachlan has resigned as a member of the Executive Committee but continues as Director. Mr. Gerard Plourde has been appointed a member of the Executive Committee to succeed Mr. MacLachlan.

On May 1, 1965, Mr. Albert Rolland became Vice-President Marketing, Mr. R. F. Rodger, Assistant Vice-President Marketing and Mr. C. M. King, Managing Director of Canada Glazed Papers Limited, was appointed Vice-President in charge of sales in Ontario and Western Provinces.

## OUTLOOK

The Canadian economy has been expanding continuously for over 60 months. Business indicators are pointing to further progress. The order situation is now excellent, and a further increase in fine paper consumption is expected in 1966. Our new paper machine will assist in obtaining our full share of the growing Canadian market.

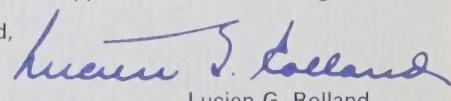
The long-term possibility of tariff reductions by our Government could have serious repercussions on Canadian secondary industry including the fine paper industry. The principal difficulty would, in effect, be the marketing of the Company's products in countries where competitive grades have long been established. The Management of your Company is constantly reviewing the situation and making plans so as to minimize the problems which lower tariffs would undoubtedly bring about.

## APPRECIATION

Although our progress for the eighth consecutive year is reflected in this report, by increases in sales and profits, and in our mills by the expansion and modernization of our facilities, the highest value is placed on our human resources.

Only the intelligence, the skill, the loyalty and the work of every man and woman in our companies could have made possible the achievements of 1965 and your Directors again wish to convey to all of them the expression of their appreciation and of their gratitude.

On behalf of the Board,

  
Lucien G. Rolland,  
President and General Manager

Montreal, February 16, 1966

**Rolland Paper Company, Limited**  
*and its subsidiary company*



**STATEMENT OF CONSOLIDATED INCOME AND EXPENDITURE**

	<i>Year Ended December 31</i>	
	<b>1965</b>	<b>1964</b>
Sales (less freight and allowances)	\$28,290,544	\$26,032,008
Cost of products sold, selling and administrative expenses	<u>23,881,665</u>	<u>22,257,680</u>
	4,408,879	3,774,328
Profit (loss) on disposal of fixed assets	34,386	(4,242)
Investment and sundry income	<u>466,646</u>	<u>208,847</u>
	4,909,911	3,978,933
 DEDUCT:		
Provision for depreciation	\$817,640	698,358
Bond interest	638,021	372,386
Directors' remuneration	<u>156,500</u>	<u>148,250</u>
	1,612,161	1,218,994
	3,297,750	2,759,939
 Provision for income taxes (Note 2)	1,531,424	1,420,628
 <b>NET EARNINGS FOR THE YEAR</b>	<b>\$ 1,766,326</b>	<b>\$ 1,339,311</b>

# consolidated balance sheet

## ASSETS

*at December 31*

	<b>1965</b>	<b>1964</b>
<b>CURRENT</b>		
Cash	\$ 357,538	\$ 690,020
Investments at cost plus accrued interest thereon (market value \$1,934,484)	1,934,484	958,110
Accounts receivable	4,595,933	3,868,285
Income taxes recoverable	377,642	—
Inventories of finished paper, goods in process, raw materials and supplies, at the lower of cost or market	4,368,601	4,117,329
Prepaid expenses	17,545	86,006
	11,651,743	9,719,750
<b>DEFERRED CHARGES AND OTHER ASSETS</b>	71,911	72,103
<b>SHORT TERM DEPOSITS HELD FOR COMPLETION OF EXPANSION PROJECT</b>	490,308	5,153,000
<b>INVESTMENT IN SECURITIES AT COST (market value \$5,000,000)</b>	5,862,651	—
<b>FIXED</b>		
Land, buildings, machinery, equipment and water power, at cost	26,551,562	21,503,176
	\$44,628,175	\$36,448,029

On behalf of the Board:

*Lucien G. Rolland, Director*  
*J. A. Weldon, Director*

# Rolland Paper Company, Limited

*and its subsidiary company*



## LIABILITIES AND CAPITAL

*at December 31*

	1965	1964
<b>CURRENT</b>		
Accounts payable and accruals	\$ 2,802,035	\$ 3,344,791
Accrued interest on long-term debt	308,993	322,139
Income taxes	—	381,818
First mortgage serial bonds maturing January 2, 1966	150,000	150,000
	3,261,028	4,198,748
<b>LONG-TERM DEBT (NOTE 1)</b>	11,267,000	11,879,500
<b>PROVISION FOR FUTURE INCOME TAXES (NOTE 2)</b>	3,422,571	1,522,231
<b>ACCUMULATED DEPRECIATION</b>	11,105,381	10,342,425
<b>CAPITAL (NOTE 3)</b>		
<b>AUTHORIZED:</b>		
24,800 Preferred shares of \$100 each— issuable in one or more series		
2,400,000 Class "A" and 800,000 Class "B" shares without nominal or par value		
<b>ISSUED:</b>		
16,800 4 1/4% Cumulative redeemable preferred shares	\$1,680,000	
1,360,016 Class "A" and 480,008 Class "B" shares	7,162,683	8,842,683
<b>EARNINGS RETAINED AND USED IN THE BUSINESS</b>	—	2,980,032
	6,729,512	5,525,093
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	\$44,628,175	\$36,448,029
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

## **STATEMENT OF CONSOLIDATED RETAINED EARNINGS**

	<i>Year Ended December 31</i>	
	<b>1965</b>	<b>1964</b>
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 5,525,093	\$ 6,020,698
ADD:		
Net earnings for the year	1,766,326	1,339,311
	7,291,419	7,360,009
DEDUCT:		
Dividends:		
Preferred stock	71,400	71,400
Common stock		
Class "A"	370,505	288,005
Class "B"	120,002	120,002
	561,907	479,407
Excess of consideration for acquisition of shares of wholly owned subsidiary over book value of net assets	—	1,149,573
Debenture discount and expenses	—	205,936
	561,907	1,834,916
RETAINED EARNINGS AT END OF YEAR	<u>\$ 6,729,512</u>	<u>\$ 5,525,093</u>

# Rolland Paper Company, Limited

*and its subsidiary company*



## STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

	<i>Year Ended December 31</i>	
	<b>1965</b>	<b>1964</b>
<b>SOURCE OF FUNDS</b>		
Funds from operations		
Net earnings	\$ 1,766,326	\$ 1,339,311
Non cash charges for:		
Depreciation	817,640	698,358
Future income taxes	1,531,424	359,500
Cash flow	4,115,390	2,397,169
Adjustment of prior years' income taxes	368,916	45,131
Net proceeds from debenture issue	—	8,794,064
Proceeds from treasury share issue	5,862,651	—
Funds set aside for expansion project	4,662,692	—
Other	41,014	(3,702)
	<u>\$15,050,663</u>	<u>\$11,232,662</u>
<b>APPLICATION OF FUNDS</b>		
Capital expenditures	5,143,892	3,007,178
Funds set aside for completion of expansion project	—	5,153,000
Net assets of subsidiary at date of acquisition	—	745,418
Long-term debt reduction	612,500	197,500
Dividends	561,907	479,407
Excess of consideration for acquisition of shares of wholly owned subsidiary over book value of net assets	—	1,149,573
Investment in securities	5,862,651	—
	<u>12,180,950</u>	<u>10,732,076</u>
<b>INCREASE IN WORKING CAPITAL</b>		
	2,869,713	500,586
	<u>\$15,050,663</u>	<u>\$11,232,662</u>
<b>WORKING CAPITAL</b>		
	<u>\$ 8,390,715</u>	<u>\$ 5,521,002</u>

# Rolland Paper Company, Limited

*and its subsidiary company*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1965

### NOTE 1—LONG-TERM DEBT

	1965	1964
<b>FIRST MORTGAGE BONDS</b>		
3½% Serial Bonds redeemable January 2, 1966	\$ 150,000	\$ 300,000
4½% Sinking Fund Bonds dated January 2, 1956, and maturing January 2, 1975	\$4,000,000	
Less: Bonds delivered to trustee for Sinking Fund and cancelled—\$1,200,000 applicable to requirements to January 2, 1966 and \$533,000 on account of future sinking fund payments	1,733,000	2,267,000
	<hr/>	<hr/>
<b>DEBENTURES SERIES "A"</b>		
5½% Serial Debentures to mature \$300,000 per annum July 2, 1967 to July 2, 1971 inclusive	1,500,000	1,500,000
5¾% Sinking Fund Debentures due July 2, 1984	7,500,000	7,500,000
	<hr/>	<hr/>
<b>DEDUCT:</b>		
Serial Bonds payable within one year included in current liabilities	150,000	150,000
	<hr/>	<hr/>
	<b>\$11,267,000</b>	<b>\$11,879,500</b>
	<hr/>	<hr/>

The declaration of dividends and the redemption of preferred shares are restricted if such declaration or redemption result in a reduction of the working capital to an amount less than \$2,000,000.

### NOTE 2—PROVISION FOR FUTURE INCOME TAXES

Maximum capital cost allowances have been claimed for income tax purposes which exceed the amount of recorded depreciation. Taxes otherwise payable for the year have been deferred and a refund claimed in respect of the prior year. In addition, as a result of amendments to tax legislation concerning capital cost allowances, credit adjustments have been made in respect of prior years.

The aggregate of these amounts, \$1,900,340, has been added to the provision for future income taxes to be applicable when capital cost allowances claimed for tax purposes will be less than the depreciation recorded in the accounts.

### NOTE 3—CAPITAL

The preferred shares of the 4½% series are redeemable at \$104 per share and are non-voting unless four quarterly dividends are in arrears. Class "A" shares are non-voting unless the company shall fail, for a period of two consecutive years, to pay any dividend on such shares.

Class "A" shares are entitled to a non-cumulative dividend at the rate of 10 cents per share per annum before payment of any dividend on Class "B" shares. If in any fiscal year dividends at the rate of 5 cents per share per annum are paid on Class "B" shares, any further distribution in respect of that fiscal year shall be made equally, share for share, upon all outstanding Class "A" and Class "B" shares.

During the year, 400,000 Class "A" shares were issued for a cash consideration of \$5,862,651.

# auditors' report to the shareholders

TOUCHE, ROSS, BAILEY & SMART

*Chartered Accountants*

ROYAL BANK BUILDING, PLACE VILLE MARIE, MONTREAL 2, CANADA

ROLLAND PAPER COMPANY, LIMITED,  
MONTREAL, QUE.

We have examined the consolidated balance sheet of Rolland Paper Company, Limited and its wholly owned subsidiary company as at December 31, 1965 and the statements of consolidated income and expenditure, consolidated retained earnings and consolidated source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and the statements of consolidated income and expenditure, consolidated retained earnings and consolidated source and application of funds present fairly the financial position of the company and its wholly owned subsidiary as at December 31, 1965, the results of their operations and the source and application of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Touche Ross, Bailey Smart*

*Chartered Accountants.*

Montreal, Quebec  
January 24, 1966.

# ten year comparative statistics

<b>TONNAGE</b>	Sales in tons
<b>SALES AND EARNINGS</b>	Net sales Earnings before taxes Taxes on profit Net earnings Percentage of net earnings to net sales Percentage of net earnings to total assets Cash flow Dividend on preferred shares Dividend on class "A" and "B" shares Retained in business
<b>PER SHARE*</b>	Net earnings per class "A" share Net earnings per class "B" share Cash flow per class "A" share Dividend per class "A" share Dividend per class "B" share Equity per class "A" and "B" shares
<b>FINANCIAL</b>	Assets: Working capital Investment in securities Properties, net Other assets Total working capital and other assets  Financed by: Long-term debt Provision for future income taxes Preferred shares Class "A" and "B" shareholders' equity
<b>OTHER STATISTICS</b>	Ratio of current assets to current liabilities Capital expenditures Provision for depreciation  Number of shareholders Number of employees

Note: Results of Canada Glazed Papers Limited are included from February 24, 1964.

\*Number of shares outstanding: 1965—1,243,349 "A" shares (average number for the year) and 480,008 "B" shares

1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
39,490	40,461	45,059	47,788	50,978	54,195	57,071	57,603	69,120	73,701
748,936	\$14,190,448	\$15,799,601	\$16,954,767	\$18,137,985	\$19,379,905	\$20,455,394	\$20,633,530	\$26,032,008	\$28,290,544
313,646	901,561	1,132,295	1,470,736	1,875,855	2,235,482	2,468,021	2,586,179	2,759,939	3,297,750
608,700	425,300	517,000	712,307	930,777	1,125,503	1,263,796	1,310,063	1,420,628	1,531,424
704,946	476,261	615,295	758,429	945,078	1,109,979	1,204,225	1,276,116	1,339,311	1,766,326
5.1%	3.4%	3.9%	4.5%	5.2%	5.7%	5.9%	6.2%	5.1%	6.2%
4.0%	2.6%	3.2%	3.8%	4.5%	5.0%	5.2%	5.2%	3.7%	4.0%
1,181,053	\$ 1,193,500	\$ 1,334,530	\$ 1,423,604	\$ 1,580,311	\$ 1,763,000	\$ 1,915,595	\$ 1,948,293	\$ 2,397,169	\$ 4,115,390
72,250	72,250	72,250	72,250	71,825	71,400	71,400	71,400	71,400	71,400
120,002	120,002	120,002	156,003	201,003	327,005	336,006	408,007	408,007	490,507
512,694	284,009	423,043	530,176	672,250	711,574	796,819	796,709	859,904	1,204,419
.46	\$ .30	\$ .39	\$ .49	\$ .62	\$ .74	\$ .80	\$ .85	\$ .90	\$ 1.00
.41	.25	.34	.44	.57	.69	.75	.80	.85	.95
.79	.80	.89	.96	1.06	1.19	1.30	1.32	1.63	3.25
.10	.10	.10	.13	.16	.24	.25	.30	.30	.30
.05	.05	.05	.08	.11	.19	.20	.25	.25	.25
2.11	2.31	2.60	2.97	3.44	3.94	4.50	5.06	4.69	7.04
265,479	\$ 2,621,107	\$ 3,301,591	\$ 3,750,958	\$ 4,196,855	\$ 3,994,244	\$ 4,426,081	\$ 5,020,416	\$ 5,521,002	\$ 8,390,715
—	—	—	—	—	—	—	—	—	5,862,651
,916,083	7,937,096	7,476,902	7,325,276	7,298,313	7,725,021	8,097,641	8,128,535	11,160,751	15,446,181
,237,988	132,856	46,409	36,444	38,860	47,537	35,799	46,379	5,225,103	562,219
,419,550	10,691,059	10,824,902	11,112,678	11,534,028	11,766,802	12,559,521	13,195,330	21,906,856	30,261,766
,350,000	5,200,000	4,836,500	4,449,500	4,104,500	3,531,500	3,351,000	3,077,000	11,879,500	11,267,000
63,400	300,900	475,200	619,800	733,900	828,100	1,004,500	1,117,600	1,522,231	3,422,571
,700,000	1,700,000	1,700,000	1,700,000	1,680,000	1,680,000	1,680,000	1,680,000	1,680,000	1,680,000
,306,150	3,490,159	3,813,202	4,343,378	5,015,628	5,727,202	6,524,021	7,320,730	6,825,125	13,892,195
,419,550	10,691,059	10,824,902	11,112,678	11,534,028	11,766,802	12,559,521	13,195,330	21,906,856	30,261,766
2.0:1	2.2:1	2.4:1	2.6:1	2.8:1	2.5:1	2.7:1	2.9:1	2.3:1	3.6:1
,159,492	\$ 3,402,088	\$ 499,451	\$ 369,532	\$ 495,478	\$ 1,011,293	\$ 907,746	\$ 591,885	\$ 3,007,178	\$ 5,143,892
412,707	479,739	544,935	520,575	521,133	558,821	534,970	559,077	698,358	817,638
1,092	1,084	1,049	1,037	1,021	1,633	1,839	1,889	2,331	2,518
805	880	881	874	875	872	905	877	1,121	1,163



# the Inauguration of machine no. 8

On the evening of November 29, 1965, the Prime Minister of the Province of Quebec pressed a button on the control panel of our new 306 feet long paper machine. Slowly, a huge roll of paper fourteen feet wide, weighing seven tons, moved from the reel towards the rewinder. This moment was the culmination of over two years of planning and construction.

Gathered at the St. Jerome mill on that late November evening was a group of 200 people, from all sectors of Canadian commerce, industry, finance and government. One after another, representatives of the City of St. Jerome, of the Pulp and Paper Industry, of the Rolland Paper Company and, ultimately, the Prime Minister, Hon. Jean Lesage, paid a tribute to the Company and its place in the Canadian industrial society. But the real star of the evening was No. 8 itself.

No. 8 is the most modern fine paper

machine in Canada. It is highly automated and is provided with the latest equipment. It is designed to run at speeds of up to 1,500 feet per minute.

The major production from No. 8 will be long runs of paper for lithography, sulphite bond papers for letter-heads, envelope and writing papers, and duplicating papers. It will also make base stock for coated papers.

No. 8 machine with 40,000 square feet of additional plant area, represents a total investment of \$7.5 millions. As the need arises, capacity of our new machine can later be raised by 50%, at a relatively small cost.

The investment in time and skill by our engineers, technicians and production personnel is also invaluable. Because of them and because of the energy and know-how of those who operate No. 8 and sell its production, the Company takes a tremendous stride forward in a highly competitive market.

# the home of No. 8

The Company's paper mill, located at the foot of Rolland Avenue, St. Jerome, on the North River, is a picturesque mélange of the old and the new, reflecting the way it has grown since 1882. On a 170 acre site, the buildings now cover more than 300,000 square feet, many times the size of the original mill.

The homes of several employees are located

nearby on tree-lined Rolland Avenue, while many others live throughout St. Jerome.

Since its foundation, your Company has tried to identify its welfare with that of its employees. As a consequence, employees through generations, have come to spend their entire working lives within the Rolland organization.

*An aerial view of our St. Jerome mill.*







# Rolland Paper Company, Limited

Specialists in coated and uncoated  
printing papers

Head office:  
800 Victoria Square, Suite 3620,  
Montreal 3, Quebec

Sales offices:  
Montreal, Toronto, Quebec,  
London & Winnipeg

Mills:  
St. Jerome and Mont-Rolland, Que.

Coated Papers Division:  
Canada Glazed Papers Limited,  
Scarborough, Ont.

*The paper used for this report is  
Husky Coated Cover, White, 440M,  
Ropaco Offset, hand-made finish, White  
160M, Green 160M, India 160M.*



